

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7042

BILL NUMBER: HB 1154

NOTE PREPARED: Feb 20, 2012

BILL AMENDED:

SUBJECT: Local Purchasing and Public Works Preferences.

FIRST AUTHOR: Rep. Messmer

FIRST SPONSOR: Sen. Hershman

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: The bill provides that the local Indiana business preference applies to a contract for a purchase made by a political subdivision only if the political subdivision provides in the solicitation that the preference is applicable to the purchase. It provides that the term "affected county" refers only to an Indiana county. The bill repeals the local Indiana business preference for public works projects.

Effective Date: July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Business Preference:* The bill will have indeterminate impact on supply purchases of a local unit of government, potentially decreasing costs. The purchasing preferences are awarded during the evaluation of bids and are a factor in determining who will be awarded contracts. The actual bid price does not change. As a result, a bidder with a bid higher than the lowest price may be accepted. Under the bill, the price preference is applicable only if the political subdivision states in the solicitation for supplies that the preference will apply.

Additionally, the bill clarifies that the local government public works project applies to projects that will cost at least \$150,000, or for a project by a board of aviation commissioners, \$100,000.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.